

Case Study 14 of 20 eCustomer Relationship Management & Opt in Email Industry: Event Management

>> THE BUSINESS

NETWORX Events is a small marketing and events firm based in West Melbourne. They operate two regular event series in Melbourne and Sydney – Network Marketers Meetings and Entrepreneurs Networkx.

In 2001, sensing a market need for professional education delivered in a more contemporary and intimate setting, Networkx founder Kimberley Palmer set up an informal marketing networking event. She sent an email invitation to 20 of her friends and colleagues and watched as her idea took on a life of its own.

Networkx Events has been established since late 2002 and has two full time and one part time staff member.



>> WHAT WAS INITIATED?

Unlike older businesses that have adopted technology as a means of automating 'legacy' processes and systems, the business' mainstay, the Network Events, have been made possible by opt in email and Customer Relationship Management (CRM) systems, which are in turn connected to a sophisticated and secure, transaction enabled ticketing system.

What is Opt In Email?

A term that refers to promotional email that have been requested by the individual receiving them. Unlike bulk promotional e-mails, opt-in e-mails are only sent to people who specifically request them.

"We've adopted best practice permission email marketing and so we were already doing everything the Spam Act required by the time it came into being".

Kimberly Palmer – Director and Founder

Networkx is now into its third generation website and ticketing system after outgrowing its previous two systems. Application Service Provider business models are now sophisticated enough to cater for all of Networkx' respective CRM, email communication and ticketing/payment requirements.

Invitee and member contact details are stored in a third party database. Emails are delivered via an Application Service Provider on a cost per email basis. The ticketing, email and payment component is provided by the Eventix ticketing system where, in addition to the establishment cost, Networkx pays a percentage of its ticket price to the operator.

>> HOW THE TECHNOLOGY WORKS

The Networkx ticket purchasing process works in the following way:

1. Prospect 'opts-in' to receive email invitations to events
2. Personalised invitation is emailed to opt-in database of recipients
3. If accepting, recipient clicks on email and fills online form to register for event
4. Once booking details are confirmed, recipient fills in credit card details (if not stored already)
5. Recipient pays using credit card and Secure Socket Layer payment system
6. Upon successful transmission, the ticket and receipt is automatically returned to the recipient via email.

>> RESULTS

The results can be measured on three levels. First in terms of revenues generated by eCommerce, Networkx Events has generated \$140,850 in ticket sales during the 2004 financial year, where none was generated three years prior.

Secondly, eCommerce has allowed the business to be viable whereas the cost of traditional direct communications as a marketing channel would have been too cost prohibitive to sustain.

After taking into account upfront and operating costs, the return on investment was \$86,450.

>> COSTS

Networkx has been successful in establishing and supporting an entire secure database and ticketing system for \$17,140 with minimal training and ongoing maintenance costs.

The costs have been kept low by utilizing an ASP model which reduces upfront costs in preference to a 'cost per sale' business model.

>> CHALLENGES AND PROCESS CHANGE

Networkx has avoided much of the negative publicity surrounding 'Spam' due to careful adherence to its privacy policy. Networkx has always sought permission to send emails and therefore was not obligated to any major change once the Australian Government's Spam Act was introduced in April 2004.

However, Networkx has always promoted the notion of 'forwarding' invitations to other friends and colleagues, which does not contravene the current Spam Act requirements.

>> FUTURE PLANS

Networkx Events plans to expand in both territory and range. It is about to launch its first franchise in Queensland – a move set to be replicated in other territories while expanding from marketing into entrepreneurship and other vertical professions. Both of these plans will continue to be underpinned by opt in email, electronic customer relationship management and online ticketing infrastructures.

>> REFERENCE WEBSITES

www.networkxevents.com.au
www.entrepreneursnetworkx.com.au
www.eventix.com.au
www.spam.aca.gov.au

>> REFERENCE eNOTES

eNote 8: Effective Email
eNote 12: Buying Online
eNote 16: Security

For further information go to: www.mmv.vic.gov.au/casestudies

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>>E-COMMERCE PROFIT & LOSS ANALYSIS

	2004
Additional Revenue from E-Commerce	\$
Increased sales directly via the Internet	108,000
Increased sales indirectly via the Internet	<u>32,850</u>
Total Increased Revenue	<u>140,850</u>
Less: Cost of Goods Sold	<u>40,500</u>
Net Profit for eCommerce	<u>100,350</u>
Add: E-Commerce Expense Reductions	
Reduced telephone bills	600
Reduced postage, freight, couriers and handling	1,200
Reduced time travelling to branch	<u>1,440</u>
Total eCommerce Expense Reductions	<u>3,240</u>
Gross Benefit from eCommerce	<u>103,590</u>
Less: Up Front Fixed Expenses	
Computer hardware including Modem	2,500
Website and Content management systems	10,000
Anti-virus and Security software	100
Staff Training on technical systems	<u>500</u>
Total eCommerce Up Front Fixed Expenses	<u>13,100</u>
Less: Operational Expenses	
Internet Service Provider	840
Hosting of Website	360
Permission Email marketing	2,340
External technical support services	
Telephone lines	<u>500</u>
Total Operational Expenses	<u>4,040</u>
Total eCommerce Costs	<u>17,140</u>
Total eCommerce Benefit	<u>86,450</u>

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